Industries (India) Ltd. The sale of 51% equity capital in BALCO to Sterlite Industries (India) Ltd. on 2-3-2001 is governed by the terms and conditions of Shareholders Agreement and Share Purchase Agreement, which are legally enforceable documents. The question of reversing the above transaction, therefore, does not arise. The entire transaction is at present *subjudice*, being the subject of proceedings in the Supreme Court of India.

CAG report on MFIL sale

783. SHRI N.K. PREMACHANDRAN: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the Comptroller and Auditor General's Office (CAG) has found several discrepancies in the sale of the Modern Food Industries Limited to Hindustan Lever Ltd.;

(b) if so, the details of the report and the audit objections made by the CAG in the said sale;

(c) whether it is a fact that the MFIL's plant and machinery was not valued at all;

(d) whether Government have a plan to review the procedure now followed in PSU disinvestment; and

(e) if so, the details thereof?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) and (b) CAG in its Inspection Report has made certain observations regarding appointment of Global Advisors and their scope of work, valuation of plant and machinery, valuation of land and buildings, capital gains tax and cost of VRS, non-valuation of intagible assets and selection of strategic parnter.

(c) The plant and machinery being used by Modern Food Industries (India) Ltd. (MFIL) was mostly of 60's and 70' vintage and is obsolete and therefore, assignment of any replacement value to such plant and machinery would be imaginary rather than real. Therefore, the only option was to consider their book value of

Rs. 8.64 crores and there was no need for getting the old vintage type machinery assessed by any valuer. Two points further corroborate the precarious position of MFIL (1) the then management (prior to disinvestment) had estimated the incremental investment of Rs. 80 crores on replacement of obsolete plant and machinery and (2) immediately after disinvestment the new management had to start pumping in funds, which on date amount to Rs. 29 crores (in addition to the Rs. 20 crore equity) towards modernization and capital expenditure, repairs of plant, equipment and buildings, replacing baking tins, product and market development, trade support and brant building, repayment of high interest loans, Government loans, payments to suppliers, interim relief to employees working capital requirements, VRS payments towards restructuring/reduction of fixed overhead costs and for meeting other operational expenditure.

(d) and (e) There is no plan at present to review the procedure being followed for the disinvestment of PSUs.

Disinvestment in Steel Sector

784. SHRI B.J. PANDA: Will the Minister of DISINVESTMENT be pleased to state:

(a) Whether Govt. have a proposal to carry out disinvestment in the Steel Sector;

(b) If so, the units in the Steel Sector identified for disinvestment; and

(c) the details of the proposal under that sector being considered for disinvestment?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) to (c) Disinvestment is a continuous process. As a part of the process, Government keeps considering proposals for disinvestment in various Public Sector Enterprises (PSEs) from time to time. Disinvestment is being considered and carried out in various Public Sector Enterprises, including those in the Steel Sector, in accordance with the declared